

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF LOUISVILLE GAS AND )  
ELECTRIC COMPANY FOR A CERTIFICATE OF ) CASE NO.  
PUBLIC CONVENIENCE AND NECESSITY FOR ) 2005-00155  
THE CONSTRUCTION OF TRANSMISSION )  
FACILITIES IN TRIMBLE COUNTY, KENTUCKY )

O R D E R

This matter is before the Commission on the application of Louisville Gas and Electric Company (“LG&E”) for a Certificate of Public Convenience and Necessity (“CPCN”) to construct approximately 2.5 miles of 345 kV transmission line, of which approximately 0.8 mile will be located in Kentucky and 1.7 miles will be located in Indiana. The line will run from the proposed 750 MW supercritical pulverized coal fired base load generating unit to be located at the Trimble County Unit 2 (“TC2”) and interconnect with an existing 345 kV transmission line near Marble Hill, Indiana. The Kentucky General Assembly amended KRS 278.020 in 2004 to require that a utility obtain a CPCN before constructing any electric transmission line of 138 kilovolts or more and of more than 5,280 feet in length.

Pursuant to 807 KAR 5:120, LG&E sent a notice to each property owner whose property the transmission line is proposed to cross and published a notice of the intent to construct the proposed transmission line in the Louisville Courier-Journal. LG&E submitted its application to the Commission on May 11, 2005.

The Commission entered procedural orders on May 23 and June 14, 2005 setting, among other deadlines, dates for interventions, filing of testimony, and a hearing date in Frankfort. The Commission's investigation of the need for the proposed transmission line included a review of LG&E's engineering studies and data and the report of the Commission's consultant, The Liberty Consulting Group ("Liberty Group"). Liberty Group filed its report on June 15, 2005. No party requested to intervene in this case.

The Commission held a technical, evidentiary hearing at its offices in Frankfort, Kentucky, on July 26-27, 2005. LG&E stated that the proposed transmission line is needed to deliver reliable service to its growing load. The proposed line is necessary to provide stability for the output from the proposed 750 MW TC2. The need of the proposed transmission line was based on studies performed by the Midwest Independent Transmission System Operator, Inc. ("MISO"). LG&E reviewed MISO's analysis and concurred that the proposed transmission line is needed. LG&E's estimate of the cost of the proposed transmission line is \$7.2 million. LG&E stated that the need for the proposed transmission line is based upon the expectation that TC2 will be constructed.

In the report filed by the Commission's consultant, Liberty Group indicated that it reviewed LG&E's and MISO's study results and conclusions and found them to be reasonable. Liberty Group concluded that the proposed transmission line will be needed if TC2 is constructed.

Based on the record in this case, the Commission finds and concludes that the proposed line is needed and that there is no evidence that its construction would result in any wasteful duplication of facilities.

The Commission, having considered the evidence and testimony offered in this proceeding and being otherwise sufficiently advised, finds that LG&E should be granted a CPCN to construct the proposed transmission line contingent upon the award of a CPCN for TC2.

IT IS THEREFORE ORDERED that:

1. LG&E is granted a CPCN to construct and operate the proposed transmission line as set forth in its application contingent upon the award of a CPCN for TC2.

2. LG&E shall file "as-built" drawings or maps within 60 days of the completion of the construction authorized by this Order.

Done at Frankfort, Kentucky, this 8<sup>th</sup> day of September, 2005.

By the Commission

ATTEST:



Executive Director